

ARIZONA

BINGO REVIEW



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DON'T WRITE A CHECK ON INSUFFICIENT FUNDS

When the legislature enacted the bingo statutes their intent was to prohibit the proliferation of gambling in Arizona and to protect licensed charitable organizations from unscrupulous suppliers and organized crime. Because of this they felt it necessary to require every bingo worker to be of good moral character, have never been convicted of a misdemeanor involving moral turpitude, or a felony. They also wrote into the law restrictions and guidelines on how the games are played in an effort to insure that the games are conducted properly.

Crimes involving moral turpitude are ones that violate the rights of others; e.g., assault, theft, embezzlement, willful property damage, fraud, forgery, sexual offenses, etc. If the crime is determined to be minor in nature, it is classified as a misdemeanor. A.R.S. § 13-1807 classifies writing a bad check as a theft, because it is an economic crime against another person. In amounts less than \$2,000, the crime is a misdemeanor, but it is still a crime.

If a check is written on a bingo account **knowing** that it has insufficient funds to cover the check, a crime has been committed. In most cases the crime is a misdemeanor involving moral turpitude. In

addition, it also violates several laws relating to the operation and conduct of bingo games. Paraphrasing A.R.S. § 5-409, if you knowingly falsify a record relating to a bingo game, it is a class 2 misdemeanor. This applies because writing a check for a prize amount is a record.

Writing a bad check is also a violation of Administrative Rule R15-7-232, *"The licensee shall maintain in the bingo checking account a amount sufficient to cover all checks written."* This means there must be sufficient funds in the account BEFORE a check is written.

The Bingo Section will aggressively investigate all complaints from players involving bad checks written by licensed bingo operators. Depending on the circumstances, this may include the temporary suspension or revocation of their license to conduct bingo games.

HOW TO AVOID PLAYER COMPLAINTS

Occasionally we receive letters from players regarding the way games are being played. The following are a few pointers on how to conduct your games legally and avoid complaints.

Prior to beginning your occasion the Supervisor must verify that all 75 bingo balls are present. This verification must take place in the presence of one or more bingo players. One way to do this is to place the bingo balls in numerical order on the master board. Then announce that any player may come up to verify all the bingo balls are present and that none of them are crushed, cracked, or stuck together.

Prior to each game the caller must announce the prize amount and the required winning pattern. If the prize amount is based on the number of cards sold, you may announce a minimum prize prior to starting the game. After determining the actual prize amount, make a second announcement with the actual prize amount. When announcing the required pattern, try to insure that all aspects of the required pattern are made known to the players. For example, if you require postage stamps or six packs to originate from a corner, announce it that way. If you announce "any regular bingo" but do not accept a postage stamp as a regular bingo pattern, announce it.

The caller must close each game. Once you have verified a winner, the caller must announce it and ask if there are any others. After giving the players a reasonable amount of time in which to announce bingo, the caller must state the game is closed. Once the caller closes the game no other winners are honored.

Each winning pattern must be verified in the presence of a disinterested player. Of course, we all know there is no such thing as a disinterested bingo player but what is meant is the worker must verify the card in the presence of a player who is not closely associated with the winner. This means that one of your workers should pick up the winning bingo card and take it to the next table, or several chairs from the hopeful winner, hold the bingo card where the disinterested player can see it and verify that the card has a winning pattern.

KEEPING US INFORMED

Please keep us informed of changes that affect your bingo license. Sometimes we have problems when we try to contact you. If you change your mailing address or if your Proceeds Coordinator, Manager, or Supervisors change their phone numbers, let us know. Also, tell us when you are canceling a bingo occasion. This includes those who cancel for an entire season. Check your bingo license. Does your license say you are not playing bingo on any specific dates or does it say "As Notified"? If it says "As Notified," check your calendar, then send us a note (with your license number on it) telling us the dates you will be canceling bingo. When you get your next renewal form, you can specify dates for any proposed cancellation for the next year. We also need to know who your current officers are. There is a place to list your current officers on your renewal form. If you elect officers during the licensing period, let us know who the new officers are. While you are checking your bingo license, review the list of bingo workers. If some of them no longer work your games, let us know and we'll take their name off your license.

NOTARIES NOT NEEDED

Remember, one of the changes to the bingo rules was the elimination of the notary requirement for affidavits, financial reports, etc. None of the bingo forms currently in use are required to be notarized.

WRITE YOUR BINGO LICENSE NUMBER ON EVERYTHING

We ask licensees to write their license number on everything they send to us. We are still receiving notes, letters, and other items with no license number. It is difficult and sometimes impossible to locate the proper file without the bingo license number. Please write your bingo license number on everything you send us, including email and faxes. It makes our job easier. Thank you.

REIMBURSEMENT OF BINGO EXPENSES

Arizona Revised Statutes § 5-406. H. 1 prohibits bingo net proceeds from being used to compensate or reimburse expenses of directors, officers and management personnel. Problems occur when an individual pays out of their own pocket, what would normally be considered a bona fide bingo expense. When they attempt to get reimbursement from bingo funds, it may appear they are receiving compensation in violation of the bingo statutes. The best way to avoid this problem is to get an invoice for the bona fide expenses and pay it directly out of bingo funds.

BALANCING YOUR FINANCIAL REPORT

The last portion of the financial report asks for your beginning balance. Use the balance shown in your checkbook on the first and last day of the reporting period. To make sure that your report is accurate, take the beginning balance, add the gross receipts then subtract your total prize payout, your Schedule I expenses, and your total Schedule II expenses. The remaining amount should be the ending balance. If it is not, you have a math error or you incorrectly reported your receipts or expenditures.

PRORATING EXPENSES

The purpose of prorating expenses is to allow you to pay all your bills while keeping your bingo expenses down. This is important since your bingo expenses are not allowed to exceed your net proceeds. Your utility bill and mortgage payments are examples of expenses that can be prorated. Let's say your building is open seven days a week every day of the year. You play bingo one to three days a week, every week of the year. Your utility bill is \$800 a month, or \$2,400 a quarter. Your mortgage is \$1,000 a month or \$3,000 a quarter. By listing the total amount, \$5,400 on Schedule I of your financial report, you could fail to meet the 50% ratio of net proceeds required by law. To prorate these expenses, you only report on Schedule I the percentage of expense related to the use of the premises for bingo.

Example: You have a Class B license and play bingo once a week. There are 12 weeks in a quarter. You report 12 days of expenses on Schedule I and the remaining portion of the expense on Schedule II; here's how: you divide your expense by 90, the number of days in a quarter, then multiply by 12 days, the number of occasions held. Your utility bill would be reported on Schedule I as \$320; your mortgage would be \$400. The remaining amounts, \$2,080 and \$2,600, respectively, would be reported on Schedule II. By prorating your Schedule I expenses, you kept your expenses down, your ratio to net proceeds above 50%, and you paid your bills all while complying with the law.

DUPLICATE CARDS

Although it doesn't happen often, once in a while we still receive calls about "duplicate cards." Duplicate cards are prohibited. One way of maintaining good customer relations is to pay each duplicate as though it was the only winner. Feel free to call or email us if you have any questions.

